

Message Text

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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC IMMEDIATE 2528

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SUBJ: CIVAIR: U.S.-AUSTRALIA CIVIL AVIATION NEGOTIATIONS

1. SUMMARY: A WEEK OF INTENSIVE NEGOTIATIONS PRODUCED A MEMCON WHICH ADMITTED THE U.S. RIGHT TO DESIGNATE CONTIENTIAL, BUT DID LITTLE ELSE TO ALLOW ITS OPERATIONS. THIS OBDURATE ATTITUDE EXTENDED TO THE GOA DEL'S PAPER FOR REVISION OF THE BILATERAL WITH ALL THE PRINCIPLES ENUMERATED BEING DIAMETRICALLY OPPOSED TO U.S. POLICY AND PRACTICE. CONSULTATIONS ARE TO BE RESUMED BY JUNE, 1978 IN WASHINGTON. END SUMMARY.

2. GOA DEL ESTABLISHED EARLY ON THAT IT HAD NO INTENTION OF ALLOWING CONTINENTAL TO BEGIN OPERATIONS AT THIS OR ANY TIME WITHOUT THE GREATEST STRUGGLE. BECAUSE OF THE FACT THAT THE GOA IS PRESENTLY REVIEWING INTERNATIONAL CIVIL AVIATION, MANY ITEMS WHICH SHOULD HAVE BEEN SOLVED WERE NOT. THE FINAL RESULT WAS GOA DEL CONCESSION THAT CONTINENTAL AIRLINES WAS PROPERLY DESIGNATED BY THE U.S. UNDER ARTICLE I BUT THAT CONTINENTAL'S OPERATIONS WERE INCONSISTENT WITH THE REMAINING ARTICLES AND THE ANNEX.

3. THE FOLLOWING IS THE TEXT OF THE MEMORANDUM OF LIMITED OFFICIAL USE

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CONSULTATIONS WITH ONLY ATTACHMENT 5 INCLUDED TO SAVE TIME. COMPLETE TEXT WILL BE BROUGHT BACK BY THE DELEGATION.

"AUSTRALIA/UNITED STATES OF AMERICA AIR TRANSPORT
CONSULTATIONS - FEBRUARY 1978
"MEMORANDUM OF CONSULTATION

"1. DELEGATION REPRESENTING THE GOVERNMENTS OF AUSTRALIA AND THE UNITED STATES OF AMERICA MET IN CANBERRA FROM FEBRUARY 20-24, 1978 TO DISCUSS VARIOUS CIVIL AVIATION MATTERS, INCLUDING THE PROPOSED CONTINENTAL AIRLINES' SCHEDULES AND THE AUSTRALIAN GOVERNMENT'S REQUEST FOR CONSULTATIONS PURSUANT TO ARTICLE XI (B) AND (C) OF THE AUSTRALIA - UNITED STATES AIR TRANSPORT SERVICED AGREEMENT DATED 3 DECEMBER 1946, AS AMENDED. DELEGATION LISTS ARE CONTAINED IN ATTACHMENTS 1 AND 2 (NOT INCLUDED).

"2. THE DELEGATIONS AGREED THAT THE DESIGNATION OF CONTINENTAL AIRLINES IS CONSISTENT WITH THE PROVISIONS OF ARTICLE I OF THE AGREEMENT. HAVING CONSIDERED THE DIFFERING VIEWS (ATTACHMENTS 3 AND 4 (NOT INCLUDED)) ON WHETHER THE PROPOSED SERVICES BY CONTINENTAL AIRLINES WOULD BE CONSISTENT WITH THE OTHER PROVISIONS OF THE AGREEMENT, THE TWO DELEGATIONS FURTHER AGREED TO MEET, BY JUNE, 1978, IN WASHINGTON D.C. THEY WOULD THEN CONSIDER FURTHER THE UNITED STATES' PROPOSAL, TAKING INTO ACCOUNT, AMONGST OTHER RELEVANT CONSIDERATIONS, THE AUSTRALIAN GOVERNMENT'S DECISIONS ON AUSTRALIA'S INTERNATIONAL CIVIL AVIATION POLICY, CURRENTLY UNDER REVIEW.

"3. THE UNITED STATES DELEGATION FELT THAT IT SHOULD BE THE DESIRE OF BOTH GOVERNMENTS TO FACILITATE THE VIABLE EXPANSION OF PASSENGER AND CARGO AIR TRANSPORTATION BETWEEN THE TWO COUNTRIES AND THAT THESE OBJECTIVES COULD BEST BE LIMITED OFFICIAL USE

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ACHIEVED BY ENCOURAGING AIRLINES TO OFFER THE TRAVELLING AND SHIPPING PUBLIC A VARIETY OF SERVICE OPTIONS AT THE LOWEST FARES AND RATES THAT CAN BE ECONOMICALLY JUSTIFIED FOR EFFICIENT AIRLINES; FURTHER, BOTH GOVERNMENTS SHOULD ALSO ENCOURAGE AND SUPPORT INDIVIDUAL AIRLINE INITIATIVES TO OFFER INNOVATIVE, LOW PRICED TARIFFS AND A VARIETY OF SERVICE OPTIONS SUCH AS THE PREVIOUSLY FILED PAN AMERICAN BUDGET FARE.

"4. THE AUSTRALIAN DELEGATION STATED THAT IT WAS THE DESIRE OF THE AUSTRALIAN GOVERNMENT TO PROMOTE THE CONTINUED DEVELOPMENT RELIABLE AND VIABLE AIR TRANSPORT SERVICES BETWEEN AUSTRALIA AND THE UNITED STATES, OPERATING EFFICIENTLY AND OFFERING THE LOWEST POSSIBLE PRICES NOT ONLY TO DIFFERENT CLASSES OF PASSENGERS BUT TO FREIGHT SHIPPERS AS WELL. WITHIN THIS, AND IN NO WAY INCONSISTENT WITH THIS, AUSTRALIA WISHED TO HAVE THE OPPORTUNITY TO PARTICIPATE EQUALLY. AUSTRALIA ALSO CONSIDERS THAT CONSUMER SATISFACTION CAN BE ACHIEVED BETTER THROUGH DEVELOPMENT OF REGULAR SCHEDULED SERVICES, WITH APPROPRIATE PRICE DIFFERENTIATION FOR DIFFERENT CLASSES OF CONSUMERS. THIS OBJECTIVE CAN MORE READILY BE ACHIEVED WHEN ARRANGEMENTS EXIST WHICH ENSURE THAT THE LEVEL OF CAPACITY IS NOT IN EXCESS OF THAT

WARRANTED BY THE PUBLIC DEMAND. THIS ATTITUDE REFLECTS THE LONG DISTANCE OF MANY OF THE MAJOR AIR ROUTES FROM AUSTRALIA AND THE TRADE, POLITICAL AND ETHNIC TIES IT ENJOYS. THE AUSTRALIAN DELEGATION POINTED TO THE INNOVATIVE TARIFFS DEVELOPED ON OTHER LONG DISTANCE ROUTES FROM AUSTRALIA WHERE, UNDER DIFFERENT ARRANGEMENTS TO THOSE APPLYING AND SUGGESTED TO APPLY BETWEEN AUSTRALIA AND THE UNITED STATES, SIGNIFICANT BENEFITS FOR A BROAD RANGE OF CONSUMERS INCLUDING THE MOST PRICE SENSITIVE, HAD BEEN ACHIEVED.

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"5. THE AUSTRALIAN DELEGATION SUBMITTED PROPOSALS TO MODIFY THE PRESENT AGREEMENT (ATTACHMENT 5) STATING THAT THE PROBLEMS WHICH HAVE ARISEN WITH RESPECT TO THE PROPOSED OPERATIONS BY CONTINENTAL WERE SYMPTOMATIC OF A MORE FUNDAMENTAL CONCERN OF THE AUSTRALIAN GOVERNMENT ABOUT THE OPERATION OF THE PRESENT AGREEMENT WHICH HAD LED IT TO SEEK CONSULTATIONS WITH THE UNITED STATES AUTHORITIES. THE AUSTRALIAN GOVERNMENT CONSIDERED THAT THE MODIFICATIONS SUBMITTED WOULD PERMIT AIR SERVICES BETWEEN AUSTRALIA AND THE UNITED STATES TO DEVELOP IN A WAY WHERE PASSENGER AND CARGO AIR SERVICES WOULD PROVIDE HEIGHTENED CONSUMER BENEFITS, MAXIMIZE RESOURCE ALLOCATION, AND, IF ADOPTED, AVOID PROBLEMS ARISING BETWEEN THE TWO GOVERNMENTS. IN THE AUSTRALIAN GOVERNMENT'S VIEW, THE EXISTING AGREEMENT IMPEDES RATHER THAN PROMOTES THESE OBJECTIVES. THE AUSTRALIAN DELEGATION INDICATED THAT IT WOULD BE NECESSARY TO EXAMINE THE 1971 PROCEDURES IN THE LIGHT OF THE OUTCOME OF THE AUSTRALIAN PROPOSALS FOR MODIFICATIONS TO THE AGREEMENT.

"6. THE UNITED STATES DELEGATION STATED THAT IT HAD EXAMINED THE AUSTRALIAN POSITION PAPER RELATING TO THE

MODIFICATION OF ARTICLE I AND SECTIONS I-V OF THE ANNEX TO THE AGREEMENT AND THAT IT WAS UNABLE TO AGREE TO THE PROPOSED MODIFICATIONS BECAUSE THE BASIC PHILOSOPHY IS LIMITED OFFICIAL USE

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DIAMETRICALLY OPPOSED TO THE PRINCIPLES BY WHICH THE GOVERNMENT OF THE UNITED STATES BELIEVES INTERNATIONAL CIVIL AVIATION SHOULD BE GOVERNED.

"7. BOTH DELEGATIONS AGREED, HOWEVER, THAT THE AUSTRALIAN POSITION PAPER SHOULD BE INCLUDED IN THIS MEMORANDUM AS ATTACHMENT 5; THAT IT WOULD BE STUDIED FURTHER AND THAT IT WOULD BE ON THE AGENDA AT THE NEXT CONSULTATION.

"8. THE UNITED STATES DELEGATION ALSO EXPRESSED THE VIEW THAT BOTH GOVERNMENTS SHOULD ADOPT AN AGREEMENT CONTAINING THE FOLLOWING PROVISIONS RELATING TO PASSENGER AND CARGO CHARTER AIR SERVICES, WHETHER PERFORMED BY SCHEDULED OR SUPPLEMENTAL AIRLINES:

"A. EACH PARTY MAY DESIGNATE AIRLINES TO OPERATE CHARTER FLIGHTS BETWEEN THE TWO COUNTRIES AND THE OTHER PARTY WILL GRANT LICENSES TO SUCH AIRLINES AUTHORIZING CHARTER AIR SERVICES CONSISTENT WITH SUCH AN AGREEMENT.

"B. EACH PARTY GRANTS TO THE OTHER PARTY RIGHTS NECESSARY TO CONDUCT CHARTER AIR SERVICES (A) WITHOUT LIMITATIONS ON VOLUME, FREQUENCY, OR REGULARITY OF SERVICE; (B) WITHOUT LIMITATIONS ON TRAFFIC ACCESS OR MOVEMENT; AND (C) WITHOUT THE REQUIREMENT FOR PRIOR APPROVAL OF INDIVIDUAL FLIGHTS OR SERIES OF FLIGHTS. THE CHARTERWORTHINESS OF FLIGHTS WILL BE DETERMINED BY THE RULES OF THE COUNTRY OF TRAFFIC ORIGIN AND PRICES WILL BE ESTABLISHED BY CHARTERERS UNDER THE SURVEILLANCE OF THE COUNTRY OF TRAFFIC ORIGIN.

"9. THE AUSTRALIAN DELEGATION NOTED THE VIEWS OF THE UNITED STATES DELEGATION AND THE MANNER IN WHICH THEIR PROPOSAL WOULD IMPINGE UPON THE ECONOMIC VIABILITY AND EFFICIENCY OF SCHEDULED SERVICES. SUCH ARRANGEMENTS WOULD BE INCONSISTENT WITH CURRENT AUSTRALIAN LEGISLATION AND POLICY. AUSTRALIA LIMITED OFFICIAL USE

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HAS, SINCE 1972, BEEN PREPARED TO TREAT THE POSITION OF UNITED STATES SUPPLEMENTAL CARRIERS IN A MOST SYMPATHETIC MANNER, DESPITE SOME RESERVATIONS ABOUT THE POSSIBLE DETRIMENTAL EFFECTS THIS MAY HAVE ON THE DEVELOPMENT OF SCHEDULED SERVICES, WHICH AUSTRALIA CONSIDERS CAN SERVE A BROADER BAND OF CONSUMERS AND MEET AUSTRALIAN NATIONAL

OBJECTIVES MORE CLOSELY. THE DELEGATIONS NOTED, HOWEVER, THAT THE CURRENT REVIEW OF INTERNATIONAL CIVIL AVIATION POLICY BEING UNDERTAKEN BY THE AUSTRALIAN GOVERNMENT IS CONSIDERING POLICIES REGARDING THE FUTURE ROLE OF NON-SCHEDULED OPERATIONS. THE AUSTRALIAN DELEGATION STATED THAT IN THE PERIOD PRIOR TO THE NEXT CONSULTATIONS THE AUSTRALIAN AUTHORITIES WOULD CONTINUE TO CONSIDER APPLICATIONS FROM UNITED STATES CARRIERS FOR NON-SCHEDULED OPERATIONS TO AUSTRALIA IN ACCORDANCE WITH CURRENT POLICY AND PRACTICE.

"10. THE DELEGATIONS HAD A USEFUL EXCHANGE OF VIEWS ON THESE PROPOSALS WHICH DISCLOSED SUBSTANTIAL DIFFERENCES OF APPROACH BETWEEN THEM ON THE EXTENT TO WHICH THE AGREEMENT NEEDS TO BE MODIFIED. BOTH DELEGATIONS AGREED TO CONSIDER EACH OTHER'S VIEWS AS EXPRESSED IN PARAGRAPHS 3 TO 9 ABOVE AND THAT DISCUSSIONS ON THE PROPOSALS WOULD BE CONTINUED AT THE NEXT ROUND OF CONSULTATIONS.

"ATTACHMENT 5

"AUSTRALIA/UNITED STATES OF AMERICA AIR SERVICES CONSULTATIONS - CANBERRA, FEBRUARY 1978

"AUSTRALIAN POSITION PAPER

"STATEMENT OF AUSTRALIAN DELEGATION RELATING TO DESIRED MODIFICATION TO ARTICLE I, AND SECTIONS I-V OF THE ANNEX OF THE AIR SERVICES AGREEMENT BETWEEN AUSTRALIA AND THE UNITED STATES OF AMERICA 1946, AS AMENDED

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"ARTICLE I

"THE AUSTRALIAN DELEGATION ADVISES THAT AUSTRALIA, IN ITS BILATERAL AGREEMENTS CONCLUDED WITH OTHER COUNTRIES OVER THE PRECEDING TWO DECADES, HAS CONSISTENTLY PURSUED THE CONCEPT OF SINGLE CARRIER DESIGNATION. AUSTRALIA'S COMMITMENT TO SINGLE DESIGNATION BEST SERVES AUSTRALIA BILATERAL INTERESTS AND ENABLES THE AUSTRALIAN GOVERNMENT TO MAINTAIN A STRONG, COMMERCIALY VIABLE PRESENCE IN SCHEDULED INTERNATIONAL AIR TRANSPORTATION BETWEEN AUSTRALIA AND OTHER COUNTRIES. MORE IMPORTANTLY IT CONTRIBUTES TO MORE EFFECTIVE CAPACITY UTILIZATION, ALLOWING MORE EFFECTIVE USE OF RESOURCCES WITH CONCOMITANT CONSUMER ADVANTAGES.

"THE AUSTRALIAN DELEGATION THEREBY CONCLUDES THAT THE PROVISIONS OF ARTICLE I OF THE AUSTRALIA/UNITED STATES OF AMERICA AIR SERVICES AGREEMENT SHOULD BE MODIFIED TO PROVIDE FOR SINGLE CARRIER DESIGNATION. HOWEVER, IF SO DESIRED, THE AUSTRALIAN DELEGATION WOULD WELCOME DISCUSSIONS LEADING TO THE INCORPORATION OF PROVISIONS FOR MULTIPLE DESIGNATION BAASED ON THE ATTAINMENT OF A PREDETERMINED LEVEL OF TOTAL-ON-BOARD PASSENGER TRAFFIC CARRIED ON THE AGREED ROUTES BY THE CARRIERS OF BOTH CONTRACTING PARTIES.
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"ANNEX

"SECTION I AND II

"IN ACCORDANCE WITH AGREEMENT REACHED AT MELBOURNE IN 1974 THAT THE DELEGATIONS WOULD MEET AGAIN FOR THE PURPOSE OF FURTHER DISCUSSING MODIFICATIONS IN THE RIGHTS AVAILABLE TO BOTH DELEGATIONS UNDER THE EXISTING AGREEMENT, THE AUSTRALIAN DELEGATION PRPOSES THE FOLLOWING AMENDMENTS TO THE ROUTE SCHEDULES DESCRIBED IN SECTIONS I AND II OF THE ANNEX TO THE AGREEMENT.

"AUSTRALIAN ROUTE

"SPECIFIED POINTS IN AUSTRALIA VIA POINTS TO BE AGREED TO SPECIFIED POINTS IN THE UNITED STATES

"UNITED STATES ROUTE

"SPECIFIED POINTS IN THE UNITED STATES VIA POINTS TO BE AGREED TO SPECIFIED POINTS IN AUSTRALIA.

"SECTION III

"THE AUSTRALIAN DELEGATION ADVISES THAT AUSTRALIA HAS CONSISTENTLY PURSUED THE CONCEPT OF PREDETERMINED CAPACITY CONTROL IN ITS BILATERAL AGREEMENTS WITH OTHER COUNTRIES. THE AUSTRALIAN GOVERNMENT, MINDFUL OF THE NEED TO MAXIMIZE THE EFFICIENT USE OF RESOURCES, REMAINS SERIOUSLY CONCERNED ABOUT THE DETRIMENTAL IMPACT THAT THE OPERATION OF EXCESS CAPACITY COULD HAVE ON OPPORTUNITIES FOR ECONOMICALLY VIABLE LOW COST SCHEDULED AIR TRAVEL.
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"THE AUSTRALIN DELEGATION THEREBY PROPOSES THE DELETION OF THE PROVISIONS OF SECTION III TO BE REPLACED BY THE FOLLOWING PROVISIONS.

"SECTION III

"IT IS AGREED BETWEEN THE CONTRACTING PARTIES:"

"(1) THERE SHALL BE A FAIR AND EQUAL OPPORTUNITY FOR THE DESIGNATED AIRLINES OF BOTH CONTRACTING PARTIES TO OPERATE THE AGREED SERCICES ON THE AGREED ROUTES BETWEEN THEIR RESPECTIVE TERRITORIES.

"(2) IN OPERATING THE AGREED SERVICES THE DESIGNATED AIRLINE OF EACH CONTRACTING PARTY SHALL TAKE INTO CONSIDERATION THE INTERESTS OF THE DESIGNATED AIRLINE OF THE OTHER CONTRACTING PARTY SO AS NOT TO AFFECT UNDULY THE SERVICES WHICH THE LATTER PROVIDES ON THE WHOLE OR PART OF THE SAME ROUTES.

"(3) THE AGREED SERVICES PROVIDED BY THE DESIGNATED AIRLINES OF THE CONTRACTING PARTIES SHALL BEAR A CLOSE RELATIONSHIP TO THE REQUIREMENTS OF THE PUBLIC FOR TRANSPORTATION ON THE SPECIFIED ROUTES. THE AGREED SERVICES PROVIDED BBY THE DESIGNATED AIRLINE SHALL HAVE AS THEIR PRIMARY OBJECTIVE THE PROVISION OF CAPACITY ADEQUATE FOR THE REQUIREMENTS OF TRAFFIC ORIGINATING IN OR DESTINED FOR THE TERRITORY OF THE CONTRACTING PARTY WHICH HAS DESIGNATED THAT AIRLINE. PROVISION FOR THE CARRIAGE ON THE AGREED SERVICES OF TRAFFIC BOTH ORIGINATING IN AND DESTINED FOR THE TERRITORIES OF STATES OTHER THAN THAT DESIGNATING THE AIRLINE SHALL BE MADE IN ACCORDANCE WITH THE GENERAL PRINCIPLES THAT CAPACITY SHALL BE RELATED TO:"

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"(A) THE REQUIREMENTS OF TRAFFIC ORIGINATING
IN OR DESTINED FOR THE TERRITORY OF THE CONTRACTING PARTY
WHICH HAS DESIGNATED THE AIRLINE;

"(B) THE TRAFFIC REQUIREMENTS OF THE AREA
THROUGH WHICH THE AIRLINE PASSES, AFTER TAKING ACCOUNT OF
LOCAL AND REGIONAL SERVICES; AND

"(C) THE REQUIREMENTS OF THROUGH AIRLINE
OPERATIONS.

"(4) THE CAPACITY WHICH MAY BE PROVIDED IN
ACCORDANCE WITH THIS ARTICLE BY THE DESIGNATED AIRLINE OF
EACH OF THE CONTRACTING PARTIES ON THE AGREED SERVICES
SHALL BE SUCH AS IS AGREED BETWEEN THE AERONAUTICAL
AUTHORITIES OF THE CONTRACTING PARTIES BEFORE THE
COMMENCEMENT BY THE DESIGNATED AIRLINE CONCERNED OF AN
AGREED SERVICE AND FROM TIME TO TIME THEREAFTER.

"SECTION IV AND V

"THE AUSTRALIAN DELEGATION, HAVING REVIEWED THE
PROVISIONS RELATING TO SECTIONS IV AND V OF THE ANNEX TO
THE AGREEMENT, CONSIDER THE EXISTING SECTIONS TO CONTAIN
PROVISIONS WHICH ARE AMBIGUOUS, DIFFICULT TO APPLY AND
ANACHRONISTIC.

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"THE DELEGATION THEREBY PROPOSES THAT THE PRESENT
PROVISIONS OF SECTIONS IV AND V BE DELETED AND REPLACED BY
THE FOLLOWING PROVISIONS.

"SECTION IV

"TRANSPORT TARIFFS

"(1) IN THIS SECTION 'TARIFFS' MEAN THE PRICES TO BE PAID FOR THE CARRIAGE OF PASSENGERS AND CARGO AND THE CONDITIONS UNDER WHICH THESE PRICES APPLY, INCLUDING PRICES AND CONDITIONS FOR AGENCY AND OTHER AUXILIARY SERVICES, BUT EXCLUDING REMUNERATION AND CONDITIONS FOR THE CARRIAGE OF MAIL.

"(2) THE TARIFFS ON ANY AGREED SERVICE SHALL BE ESTABLISHED AT REASONABLE LEVELS, DUE REGARD BEING PAID TO ALL RELEVANT FACTORS INCLUDING COST OF OPERATION, REASONABLE PROFIT AND THE TARIFFS OF OTHER AIRLINES FOR ANY PART OF THE SPECIFIED ROUTE. THESE TARIFFS SHALL BE FIXED IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION.

"(3) AGREEMENT ON THE TARIFFS, CONDITIONS OF CARRIAGE AND RATES OF AGENCY COMMISSION SHALL, WHENEVER POSSIBLE, BE REACHED BY THE DESIGNATED AIRLINES CONCERNED THROUGH THE RATEFIXING MACHINERY OF THE INTERNATIONAL AIR TRANSPORT ASSOCIATION. WHEN THIS IS NOT POSSIBLE, TARIFFS IN RESPECT OF EACH OF THE SPECIFIED ROUTES SHALL BE AGREED UPON BETWEEN THE DESIGNATED AIRLINES CONCERNED. IN ANY CASE THE TARIFFS SHALL BE SUBJECT TO THE APPROVAL OF THE AERONAUTICAL AUTHORITIES OF BOTH CONTRACTING PARTIES.

"(4) IF THE DESIGNATED AIRLINES CONCERNED CANNOT LIMITED OFFICIAL USE

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AGREE ON THE TARIFFS, OR IF THE AERONAUTICAL AUTHORITIES OF EITHER CONTRACTING PARTY DO NOT APPROVE THE TARIFFS SUBMITTED TO THEM IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (3) OF THIS SECTION, THE AERONAUTICAL AUTHORITIES OF THE CONTRACTING PARTIES SHALL ENDEAVOR TO REACH AGREEMENT ON THOSE TARIFFS.

"(5) IF AGREEMENT UNDER PARAGRAPH (4) OF THIS SECTION CANNOT BE REACHED, THE DISPUTE SHALL BE SETTLED IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE IX OF THE AGREEMENT.

"(6) NO NEW OR AMENDED TARIFFS SHALL COME INTO EFFECT UNLESS THEY ARE APPROVED BY THE AERONAUTICAL AUTHORITIES OF BOTH CONTRACTING PARTIES. PENDING DETERMINATION OF THE TARIFFS IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION THE TARIFFS ALREADY IN FORCE SHALL APPLY."

4. USDEL STRESSED IN DISCUSSIONS THROUGHOUT THE WEEK THAT THE U.S. GOVERNMENT WAS OPPOSED TO MARKET SHARING, SINGLE DESIGNATION, PRE-DETERMINATION AND CAPACITY CONTROL; ALL OF WHICH APPEARED AS POINTS DESIRED BY GOA DEL IN THEIR POSITION PAPER (ATTACHMENT 5). THERE WAS ONLY THE SLIGHTEST HINT

THAT IF THE ROUTES WERE REALIGNED TO GIVE QANTAS MORE
POINTS IN THE CONTINENTAL U.S., AND THE U.S. GAVE UP
SOME OR ALL OF ITS BEYONDS THERE MIGHT BE SOME RELAXING BY
THE GOA IN ITS DEMANDS, BUT NOT MUCH MORE THAN A HINT. UNLESS
THE POLICY REVIEW AND SUBSEQUENT MINISTERIAL AND CABINET
DECISIONS VARY DRAMATICALLY FROM THE STANCE OUTLINED WITH
GOA DELS' POSITION PAPER (ATTACHMENT 5), THE NEXT MEETING
WILL PRODUCE NO RESULTS. THE POSITIONS ARE POLES APART AND
REQUIRE CONSIDERABLE SOUL-SEARCHING BY THE USG IF ANY
ACCOMMODATION IS TO BE MADE.
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